



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY JUNE 24, 2005
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

DEPARTMENT OF JUSTICE SUES FEDERATION OF PHYSICIANS AND DENTISTS AND FOUR INDIVIDUALS ALLEGING A CONSPIRACY

Alleged Conspiracy Among Cincinnati-Area OB-GYNs To Increase Medical Fees

WASHINGTON, D.C. -- The Department of Justice today filed a lawsuit against the Federation of Physicians and Dentists, a Florida-based organization, which provides negotiating and consulting services to physician practice groups. The lawsuit also names Lynda Odenkirk, a Federation employee, and three Cincinnati obstetrician-gynecologist ("OB-GYN") physicians: Dr. Warren Metherd, Dr. Michael Karram, and Dr. James Wendel. Concurrently with the filing, the Department announced settlements of the lawsuit with the three physician defendants.

The lawsuit, filed today in U.S. District Court in Cincinnati, results from the Department's investigation into allegations that the Federation had unlawfully coordinated its Cincinnati-area OB-GYN member physicians' negotiations with insurers. The Complaint alleges that a large percentage of Cincinnati-area OB-GYNs joined the Federation to coordinate renegotiation of higher fees in their contracts with Cincinnati-area healthcare insurers. The Federation, with substantial assistance from the defendant physicians, allegedly coordinated and helped implement its members' concerted demands to insurers for higher fees and more favorable related terms, accompanied by threats of contract terminations. The Complaint alleges that these actions caused Cincinnati-area health care insurers to raise fees paid to Federation OB-GYN members above the levels that the OB-GYNs likely would have obtained if they had negotiated competitively with those insurers.

"This action applies to the medical profession the same antitrust standards that have long been applied to lawyers, architects, engineers, and other professionals. We will move to stop illegal conduct that injures the public by increasing the prices that employers and employees pay for health care," said J. Bruce McDonald, Deputy Assistant Attorney General in the Antitrust Division.

A proposed Final Judgment, agreed to by the three defendant physicians, was also filed today, and is subject to the Court's approval. The proposed consent decree, along with the Department's Competitive Impact Statement, will be published in the Federal Register, as required by the Antitrust Procedures and Penalties Act. Any person may submit written comments concerning the proposed consent decree within 60 days of its publication to Mark J. Botti, Chief; Litigation I; Antitrust Division; United States Department of Justice; 1401 H Street., N.W.; Room 4000; Washington, D.C. 20530 (Tel.: (202) 307-0001). At the conclusion of the 60-day comment period, the Court may enter the proposed consent decree upon a finding that it serves the public interest and that there is no just reason to delay its entry while the litigation involving the non-settling defendants proceeds.

##

05-340